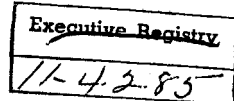


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19 MAY 1959

OGC Has Reviewed

MEMORANDUM FOR THE RECORD**SUBJECT: Meeting with Freshmen Congressmen**

1. Representative Stewart L. Udall (D., Ariz.), on behalf of an informal committee of congressmen, asked the Director and Mr. C. Douglas Dillon, Under Secretary of State for Economic Affairs, to meet with a group of freshmen congressmen who were being informally briefed in various aspects of the Government's foreign affairs. The subject of this particular seminar was foreign aid. Also attending were Mr. William B. Macomber, Jr., Assistant Secretary of State for Congressional Relations; Mr. Philander P. Claxton, Mr. Macomber's Deputy Assistant Secretary (Mutual Security Affairs); and the undersigned.

2. The meeting was extremely informal and started with a filmed TV show called "The Ruble War," which is a documentary of Russian economic moves in various parts of the world and stressing the threat to our economy. This was followed by dinner, during which Representative James G. Fulton (R., Pa.) introduced the guests to the assembled congressmen. Mr. Dillon gave a short talk on the current foreign aid program. The Director then made some remarks concerning the international Communist threat and emphasizing that in the economic competition field the situation is not as one sided as the TV program seemed to indicate, but that the United States had considerable assets and capabilities if we had the energy, foresight, and will to use them properly.

3. Representative Frank M. Coffin (D., Me.) then acted as moderator for questions, which continued from about 8:00 p.m. until almost 11:00 p.m. In his opening remarks, Mr. Coffin stated he had always found the Director most candid and willing to inform

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the Congress. Representative Joseph W. Barr (D., Ind.), who is on the House Banking and Currency Committee, pretty much set the tone of most of the questions by saying he was himself for foreign aid and would probably vote for the present program, but that he had constituents who were strongly opposed to the unilateral granting of aid by this country. He said he had no trouble selling them on such organizations as the World Bank, International Monetary Fund, or the proposed Inter-American Development Bank where other countries shared in providing the capitalization. Mr. Dillon answered that the Department of State strongly supported these international funds for economic development and hope they will take an increased role, pointing out that only recently England and Germany had contributed to one organization, the latter for the first time. He said, however, these organizations had not developed far enough to carry the whole load, and we were the only single nation that could fill the gap in these important underdeveloped areas to which the Russian program had such attraction. He took as a specific example the present situation in Laos, pointing out that a couple of years ago it looked almost certain that Laos might fall to the Communist influence. Now there had been a complete reversal, a new government wholly friendly to the West and a very strong economy. He stated his belief that this would not have been possible without the aid given by this country. In answer to questions, Mr. Dillon agreed that there had been some mismanagement, some graft, and undoubtedly some errors, but that these were small compared with the final success of the program. The Director mentioned the situation in Yemen, which also looked more hopeful although there had not been the same success as in Laos.

4. While on Far Eastern matters, the question arose as to what the Administration was doing on the Quemoy situation and why we made such a fuss about a few barren islands. The Director pointed out that in the face of Communism any retreat was taken as weakness and that also when we were backing up our friends such a situation became a matter of principle. In view of our firm position last year and its success, the Director said he did not believe that the Red Chinese would start anything unless they were prepared to face a real showdown with the United States. Mr. Dillon also pointed out that what we thought of as barren islands had a considerable population, 60,000 on one island, and were manned by Chinese troops not wholly under United States control. Consequently, if we did not back our friends the reaction

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in Southeast Asia particularly would be catastrophic. He pointed out that the SEATO nations had been very skeptical if not opposed to our Quemoy program a year ago, but at the recent meeting of foreign ministers in the Philippines, which was strongly influenced by the Tibetan situation, the support for the American policy on Quemoy was 100 per cent.

5. Representative Gerald T. Flynn (D., Wis.) stated that his constituents were almost 100 per cent opposed and violently so to foreign aid, to the Department of State, and to the lack of protection from foreign competition. He said he would vote for the foreign aid program but as a result probably would not be returned to the Congress. He then specified the grounds for his constituents' objections and asked what he could do about them. Mr. Dillon agreed with the difficulty of selling the program to people who were firmly isolationist in their convictions but that ample information was available on the program to describe it in detail. Mr. Flynn said his constituents considered the foreign aid appropriation a blank check since the Department of State would not tell where and how they were going to spend it. Mr. Dillon pointed out that there was complete information on past years' expenditures and there was unclassified information outlining in fairly specific terms the present proposal, but that the details and specifics remain classified, both to avoid raising false hopes in other countries or hard feelings and also because while the charter was pretty well set forth and would have to be maintained, changing conditions require adjustment of both plans and expenditures. Mr. Claxton pointed out the great volume of material that had already been provided to five committees of the Congress and stated his willingness to brief in detail any congressmen who wished further information to address their constituents.

6. Mr. Flynn and others made much of the fact that they had depressed industries in their areas which were suffering from foreign competition, principally the importation of German and Japanese goods. The Director pointed out that this was completely unrelated to foreign aid, as these countries were receiving nothing except military aid and the economic aid was going to underdeveloped countries which did not export to any extent manufactured goods in competition with United States' industries. Mr. Flynn asked why we did not use wheat surpluses and similar stockpiles more. Mr. Dillon said it was the Department of State's policy to do so, but it was very difficult to use these without doing serious harm and incurring the animosity of good friends like Canada.

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7. Representative John V. Lindsay (R., N. Y.) asked some current affairs questions to which the Director responded.

8. Representative Ralph J. Rivers (D., Alaska) said if the Russians publicized their grants and loans in foreign aid so loudly and, therefore, seemed to be doing more than they were, why could not the United States publicize its foreign aid program better. The Director pointed out that some of the Russian publicity was turning a little sour as the goods used turned out to be inferior, and Mr. Dillon pointed out that publicity can often get a bad reaction as indicating you were giving the aid purely for selfish reasons rather than to help the recipient.

9. The atmosphere of the meeting was personally very friendly and respectful both to Mr. Dillon and the Director and may have had some beneficial influence on a few of the congressmen in connection with the foreign aid program.

10. Attached is a list of the congressmen attending the seminar.

s/ Lawrence R. Houston

LAWRENCE R. HOUSTON
General Counsel

Attachment

cc: EA/DCI

Asst to DCI (Col. Grogan)

Asst to DD/P [REDACTED]

[REDACTED]
Legislative Counsel

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ATTENDANCE AT FOREIGN AFFAIRS SEMINAR, TUESDAY, MAY 12, 1959

Freshmen Representatives

Joseph W. Barr (D., Ind.)
Jeffery Cohelan (D., Calif.)
Dominick V. Daniels (D., N. J.)
Gerald T. Flynn (D., Wis.)
Newell A. George (D., Kans.)
Robert N. Giaino (D., Conn.)
Randall S. Harmon (D., Ind.)
Harold T. Johnson (D., Calif.)
Joseph E. Karth (D., Minn.)
Robert W. Kastenmeier (D., Wis.)
David S. King (D., Utah)
John V. Lindsay (D., N. Y.)
Catherine May (R., Wash.)
William H. Milliken, Jr. (R., Pa.)
John S. Monagan (D., Conn.)
William T. Murphy (D., Ill.)
James G. O'Hara (D., Mich.)
Alexander Pirnie (R., N. Y.)
Ralph J. Rivers (D., Alaska)

Freshmen Representatives (continued)

Dan Rostenkowski (D., Ill.)

Frank A. Stubblefield (D., Ky.)

Herman Toll (D., Pa.)

Leonard G. Wolf (D., Iowa)

Jessica McC. Weiss (R., N. Y.)

Other Representatives Attending

Stewart L. Udall (D., Ariz.)

Frank M. Coffin (D., Maine)

Carl Elliott (D., Ala.)

James G. Fulton (R., Pa.)

Peter Frelinghuysen, Jr. (R., N. J.)